



# STATE OF SOUTH CAROLINA

ACCOUNTABILITY REPORT  
FISCAL YEAR 2012-2013

**Agency:** South Carolina Rural Infrastructure Authority

**Submitted:** September 16, 2013

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## **I. EXECUTIVE SUMMARY**

### **I.1 Mission & Values**

The SC Rural Infrastructure Authority (RIA) is a newly-formed state agency created by the General Assembly under Title 11, Chapter 50 of the South Carolina Code of Laws (Code) and its purpose is to select and assist in financing qualified rural infrastructure projects. Such infrastructure must meet an essential public purpose of providing environmental facilities and services to meet public health and environmental standards as well as to aid in the development of trade, commerce, industry, agriculture, aquaculture and employment opportunities.

The RIA is a professional, team-oriented organization that is focused on carrying out the agency's mission while being good stewards of public funds.

### **I.2 Major Achievements**

The RIA was created to help build the capacity of rural communities to compete for jobs and investment as well as to provide environmental facilities that protect public health and meet quality standards. In its first year of operation, the RIA's efforts to achieve this purpose have resulted in the following accomplishments for Fiscal Year (FY) 2013:

- The Board of Directors (Board) approved 31 grants in 25 counties totaling \$9,635,617.
- The grants awarded this year propose to impact more than 30,000 residents and create 500 jobs.
- About 84% of RIA funding went to distressed or least developed counties.
- The purpose of 29 projects approved (94%) is to address health and environmental quality and two were for economic development purposes.
- More than \$4.5 million was awarded for 16 projects that focused on consent orders from the SC Department of Health and Environmental Control (DHEC) and another \$800,000 went to five projects that targeted residential wells that were contaminated or had gone dry.
- RIA funds leveraged nearly \$33 million dollars from local and other resources. The average applicant match represented 32% of the total project budget.

### **I.3 Strategic Goals**

The RIA was created to help close the gap in providing financial resources for infrastructure improvements and lay the groundwork for economic development, which helps build more sustainable communities. During FY 2013, the Board held a strategic planning session and developed the following program objectives:

- Address infrastructure that is subject to public health, environmental and regulatory concerns;
- Target the most distressed areas that lack adequate resources;

- Build capacity for economic opportunity and sustainability;
- Create economic impact through job creation and new investment; and
- Leverage local efforts and other investments.

#### **I.4 Opportunities and Challenges**

With the creation of the RIA, the General Assembly identified current barriers to rural development and opportunities to provide additional financial mechanisms to fill the gaps as follows:

- Adequate infrastructure facilities are an essential element in promoting economic growth and development that will provide jobs for the citizens of South Carolina.
- Traditional infrastructure financing methods in South Carolina cannot generate the resources necessary to fund the cost of rural infrastructure which are required for economic development.
- The State has the ability to provide for alternative methods of financing rural infrastructure which, when combined with existing financing sources and methods, will allow the State to address its rural infrastructure needs in a more timely and responsive manner.
- Loans and other financial assistance to municipalities, counties, special purpose and public service districts, and public works commissions can play an important role in meeting rural infrastructure needs. This assistance is in the public interest for the public benefit and good as a matter of legislative intent.
- The RIA provides an instrumentality to assist municipalities, counties, special purpose and public service districts, and public works commissions in constructing and improving rural infrastructure by providing loans and other financial assistance.

#### **I.5. How the Accountability Report is used to Improve Organizational Performance**

The RIA uses the Accountability Report to monitor, measure and document the agency's progress in obtaining its goals.

### **II. ORGANIZATIONAL PROFILE**

#### **II.1 Major Products and Services**

The RIA offers financial assistance through grants for qualified rural infrastructure projects. During FY 2013, the RIA made grants available through the Basic Infrastructure Grant Program. This competitive funding program focused on addressing environmental quality standards and public health concerns to ensure that infrastructure systems have the capacity to support economic development. Two competitive funding rounds were held.

The Board conducted a strategic planning session to assess the needs in rural areas statewide and developed a Program Strategy for FY 2014 which outlines the grant programs that will be available and includes a description of the types of assistance, funding amounts, eligibility and additional requirements. There are four grant program categories.

- **Basic Infrastructure** – Funding will be awarded to address environmental concerns and public health issues.
- **Emergency Infrastructure** – Funding will be awarded to projects that address imminent threats to public health and environmental concerns.
- **Economic Infrastructure** – Funding will be awarded to build local capacity to support economic development through publically owned infrastructure improvements.
- **Economic Impact** – Funding will be used to provide publically owned infrastructure or facilities that will impact a community through job creation and significant private investment.

In addition to providing financial assistance for qualifying projects, the RIA provides training and technical assistance services to rural communities. Such services include project development, identification of other possible funding sources, and grants administration assistance. Staff will provide training opportunities as well as one-on-one technical assistance to assist with project development upon request.

The RIA wants to help rural areas implement needed infrastructure improvements and build capacity for economic opportunities by coordinating and facilitating discussions with other funding partners. Coordination of funding opportunities will ensure that program resources are leveraged and maximized for the greatest impact.

## **II.2 Customers**

Under Section 11-50-20 of the Code, the RIA is authorized to provide grants and assistance to local governments, special purpose and public service districts, or public works commissions for constructing and improving rural infrastructure facilities. These are the direct customers of the agency. The customers of the grantees' water and/or sewer systems benefit from the improved quality of life as a result of infrastructure improvements.

Section 11-50-40 (13) specifies that a rural infrastructure project must be primarily located in a county designated as distressed or least developed pursuant to Section 12-6-3360 for 2009 and as defined by the SC Department of Revenue (DOR) or located in a county with a project that otherwise meets these requirements.

Projects located in counties that have been designated as least developed or distressed in accordance with the 2009 Job Tax Credit Act or currently designated as a Tier III and IV counties (considered distressed and least developed) and eligible to apply for RIA funding included:

Abbeville, Allendale, Bamberg, Barnwell, Cherokee, Chester, Chesterfield, Clarendon, Colleton, Darlington, Dillon, Edgefield, Fairfield, Greenwood, Hampton, Jasper, Lancaster, Laurens, Lee, Marion, Marlboro, McCormick, Orangeburg, Sumter, Union, and Williamsburg

County designations are updated annually by DOR. Therefore, Tier III and IV eligibility may change annually. A county is considered eligible if it is designated as Tier III or Tier IV at the beginning of the fiscal year or at the time of application submission.

The Board received public input regarding potential projects in distressed rural areas that are not in distressed and least developed counties. In keeping with the RIA legislation which allows consideration for projects that otherwise meet these requirements, for certain types of grants in FY 2014, the Board will consider projects in non-eligible counties if the project service area is outside of an urbanized area, as defined by the US Census Bureau, and the project is located in a census tract that meets the same definition as Tier III and IV counties. In addition, a project may also be considered if the service area is the same as a currently approved US Department of Agriculture (USDA) Rural Development grant or loan or a State Community Development Block Grant (CDBG).

**Chart II.3 Eligible Counties**



## **II.3 Stakeholders**

Stakeholders include members of the General Assembly and the general public to which the agency is accountable. Construction contractors, supply businesses and engineers are employed as a result of infrastructure investments in local communities. Additionally, organizations that represent potential applicants and beneficiaries have a strong interest in improving the capacity of rural areas to attract economic opportunities. These entities include the municipal and county associations, water and sewer organizations, rural development groups as well as economic and community development professionals and organizations.

## **II.4 Partners**

The RIA strives to work with other agencies to coordinate funding and leverage resources in the most effective and efficient manner. By taking a collaborative approach, building partnerships and leveraging available resources, the goal is to stabilize the basic physical foundation of rural communities and take appropriate steps to build the capacity to create economic impact. In this way, limited resources can be leveraged and maximized for the greatest return on investment. These funding partners include:

- The USDA Rural Development (Rural Utility Services) Water and Environmental Programs provide loans, grants and loan guarantees for drinking water, sanitary sewer, solid waste and storm drainage facilities in rural areas and towns of 10,000 residents or less. Public entities, non-profit organizations and recognized Indian tribes may qualify for assistance.
- The US Economic Development Administration (EDA) is an agency that empowers distressed communities to revitalize, expand and upgrade their physical infrastructure, and generate or retain long-term, private sector jobs and investment.
- The SC Department of Commerce (Commerce) CDBG Program provides grants to units of local government in areas of the state that do not directly receive their own funding from the US Department of Housing and Urban Development (HUD). CDBG grants can fund a wide variety of projects from revitalizing neighborhoods to improving community infrastructure, providing public facilities and creating or retaining jobs.
- The State Revolving Fund (SRF) provides long-term, low-interest rate loans for building or repairing waste water and drinking water plants or distribution systems and storm water quality improvement projects.
  - DHEC manages the technical portions of the SRF.
  - The SC Budget and Control Board's Office of Local Government (OLG) serves as the source of financial assistance to local governments and public utilities for the SRF.

## **II.5 Current Employment**

The agency has a staff of four full time employees.

## **II.6 Operations Location**

Offices of the RIA are located at 1201 Main St., Suite 1600, Columbia, SC 29201.

## **II.7 Regulatory Environment**

Following the close of each state fiscal year, the RIA must submit an annual report of its activities for the preceding year to the Governor and to the General Assembly. An audit of the books and accounts is also required at least once in each state fiscal year.

## II.8 Performance Improvement

The Board has identified areas of performance for the agency in the area of leadership, strategic planning, customer focus, workforce, process and financial management. Annual reviews will ensure that the agency is operating effectively and that there is a process for continuous improvement.

One measure implemented in the first year is an administrative contract with the SC Department of Commerce to provide office space, legal, financial and human resources services. This agreement allows for more efficient use of staff and resources.

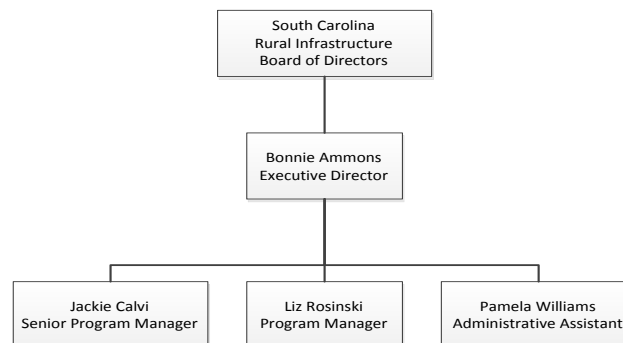
## II.9 Organizational Chart

The RIA is governed by a Board of Directors that includes six members who reside in or represent distressed and/or least developed counties. The Secretary of Commerce serves as Chairman. The Board establishes programs, sets priorities, selects qualified projects to receive grant funds and reviews performance. All funding decisions are made by the Board.

### Board of Directors

- Robert M. Hitt III, Chairman
- Senator William H. O'Dell, Vice Chairman
- David A. Anderson
- Representative William Clyburn
- William N. Kellahan Jr.
- Representative Mike A. Pitts
- Jack W. Shuler

### Organizational Chart





## II.10 Expenditures/Appropriations Chart

### Budget Expenditures and Appropriations

	12-13 Actual Expenditures		13-14 Appropriations Act	
Major Budget Categories	Total Funds	General Funds	Total Funds	General Funds
Personal Service	\$104,054	\$54,054	\$285,000	
Other Operating	\$54,889	\$49,541	\$100,000	
Special Items/ Distributions	\$1,794,261	\$1,794,261	\$21,375,000	\$1,375,000
Fringe Benefits	\$29,157	\$14,656	\$85,000	
Non-recurring				
<b>Total</b>	<b>\$1,982,361</b>	<b>\$1,912,512</b>	<b>\$21,845,000</b>	<b>\$1,375,000</b>

## II. 10 Major Program Areas Chart

### Major Program Areas

Program Number and Title	Major Program Area Purpose (Brief)	FY 12-13 Budget Expenditures	Key Cross References for Financial Results*
II. Rural Infrastructure Fund	To assist with financing qualified rural infrastructure projects	<b>State:</b> \$1,794,261 <b>Federal:</b> <b>Other:</b> <b>Total:</b> \$1,794,261 <b>% of Total Budget:</b> 91%	7.1
I. Administration	To operate the SC Rural Infrastructure Authority	<b>State:</b> \$118,251 <b>Federal:</b> <b>Other:</b> \$ 69,849 <b>Total:</b> \$188,100 <b>% of Total Budget:</b> 9%	7.2

\* Key Cross-References are a link to the Category 7 - Business Results. These References provide a Chart number that is included in the 7th section of this document.

### **III. MALCOLM BALDRIGE PERFORMANCE EXCELLENCE STANDARDS**

#### **Category 1 – Senior Leadership, Governance, and Social Responsibility**

Under the direction of the Board, the RIA seeks to assist in closing the gap in providing financial resources for infrastructure improvements and lay the groundwork for economic development in South Carolina's rural communities.

The SC General Assembly created the RIA under Title 11, Chapter 50 of the Code to help build the capacity of rural communities to compete for jobs and investment as well as to provide environmental facilities that protect public health and meet quality standards.

The RIA is governed by a Board of Directors made up of six members who reside in or represent counties that are designated by the DOR as distressed or least-developed, as well as the Secretary of Commerce who serves as chairman. One appointment each is made by the President Pro Tempore of the Senate, Speaker of the House of Representatives, Chairman of the Senate Finance Committee, Chairman of the House Ways and Means Committee, as well as two appointments made by the Governor.

The Board generally meets quarterly and is responsible for strategic planning and direction, establishment of priorities and allocation of resources including grant approval and annual review of program performance. The senior leadership works with the Board to develop solutions to infrastructure issues, coordinates with partners to leverage resources, works directly with applicants to address critical needs, and ensures that guidelines for managing grants with adequate financial controls are established.

#### **Category 2 – Strategic Planning**

During FY 2013, the Board met to discuss strategic plans and objectives for the new agency. This planning included a review of the enabling legislation and identification of parameters, development of a program strategy and priorities to respond to identified needs, identification of plans for future resource allocations and performance measures.

The Board evaluated the range of needs for critical infrastructure to meet public health and environmental purposes as well as for economic development. Recognizing there are not enough resources to address all the needs, the Board targeted its programs to rural areas most in need by addressing basic infrastructure and building infrastructure capacity for economic opportunities. The strategic objectives are:

- Address infrastructure that is subject to public health, environmental and regulatory concerns;
- Target the most distressed areas that lack adequate resources;
- Build capacity for economic opportunity and sustainability;
- Create economic impact through job creation and new investment; and
- Leverage local efforts and other investments.

The Program Strategy for FY 2014 reflects the Board's plan for distributing funds and selecting qualified rural infrastructure projects in accordance with the agency's objectives. The Program Strategy includes a description of each grant program and the funds to be made available as well as the eligible activities, grant amounts, match and other requirements for applicants. A copy of the Program Strategy is available on the web site at [www.ria.sc.gov](http://www.ria.sc.gov).

### Strategic Planning

Program Number and Title	Supported Agency Strategic Planning Goal/Objective	Related FY 12-13 Key Agency Action Plan/Initiative(s)	Key Cross References for Performance Measures
I.B Rural Infrastructure Fund	All goals	Provide environmental facilities and services to meet public health and environmental standards as well as to aid in the development of trade, commerce, industry, agriculture, aquaculture and employment opportunities.	7.1
I.A Administration	Operate the Authority in the most efficient and effective manner.	Utilize administrative collaboration when possible.	7.2

### Category 3 – Customer and Market Focus

Numerous efforts were made throughout the year to reach as many interested entities and eligible applicants as possible. Presentations were made to affiliated organizations and associations, many of whom have members that are interested or involved in improving South Carolina's rural infrastructure. In addition, technical assistance on project eligibility was provided to potential applicants. Assistance was also provided to current grantees that needed help with implementation of projects in a timely manner and in compliance with grant requirements. Staff is encouraged to take a pro-active approach in providing assistance and helping to solve problems as they arise.

A user-friendly web site was developed to facilitate the flow of information and resources to interested parties. The web site will be regularly updated to ensure that information is current. In the future, the agency plans to utilize technological resources to communicate program objectives and information as well as to provide training and technical assistance.

Building effective working relationships with customers, stakeholders and partners is a key component to success since progress cannot be achieved without the leveraging of multiple resources. Efforts have been made to coordinate with other state agencies including Commerce and DHEC to ensure cooperation and prevent duplication of services.

### Category 4 – Measurement, Analysis, and Knowledge Management

The agency web site was established this fiscal year and is designed to ensure that program information is timely and available to interested parties. The web site is routinely monitored

and updated and provides a means for customer inquiry and input. Feedback is also obtained from workshop evaluations and informal discussions.

Grants awarded are tracked by geographic location and purpose to ensure consistency with program goals. The grants' status and progress are reviewed on a quarterly basis while financial reports are monitored monthly.

The Board will conduct quarterly and annual reviews of program performance. Based on such reviews, priorities may be adjusted to respond to changing needs and conditions, to address unmet needs and to achieve program objectives.

### **Category 5 – Work Focus**

The agency has developed human resource guidelines that promote a safe, productive and team focused work environment. Regular communication of agency goals, objectives and progress is shared with staff. Cross training is encouraged to maximize staff resources. Annual Training Objectives are assessed for each employee and as new processes and requirements evolve, additional training is coordinated.

Staff participates in a wide range of community oriented activities such as the United Way, Community Health Charities, Harvest Hope and Families Helping Families.

### **Category 6 – Process Management**

The core competencies required for grants management include: project development, technical application reviews, project management, financial management, compliance monitoring and technical assistance. As a new agency, work systems and guidelines are being established and will be annually reviewed to ensure that they work effectively and efficiently.

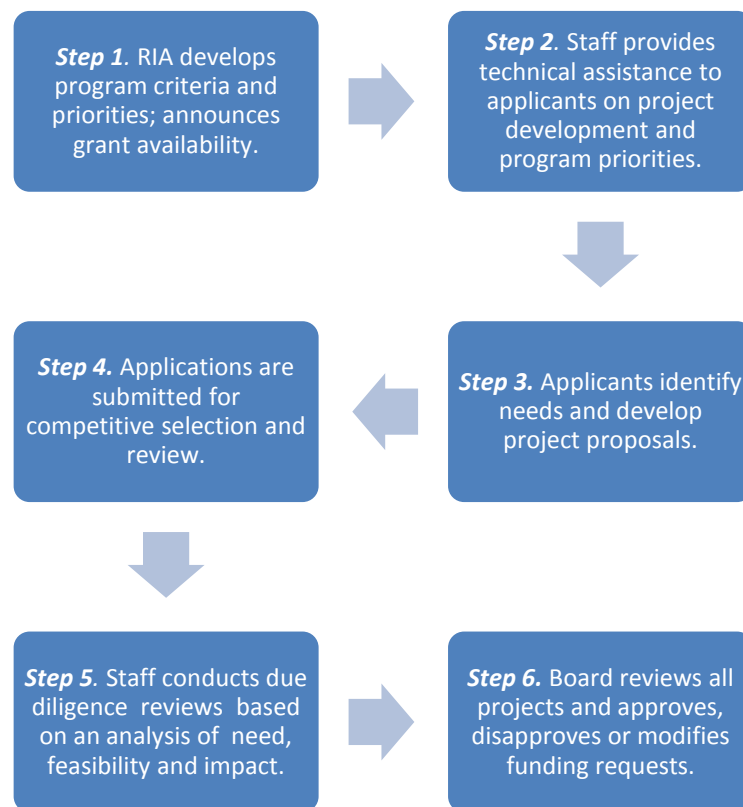
The process for accepting applications for RIA funding begins with development of the grant programs and criteria by the Board. A public notice of the availability of funds is then sent to all interested parties and posted to the web site. Application forms are available on the web site or are sent out upon request. Responsive applications are developed by potential grantees and staff provides technical assistance as requested to ensure that projects are developed in accordance with the program purposes and criteria.

Applicants submit the completed applications and staff perform due diligence reviews of each project. Qualified projects are prioritized based on a comparative evaluation of the need, impact and expected benefits, feasibility and budget impact factors as published in the Program Strategy. The Board considers all projects at its quarterly meeting or by a called meeting if there is an emergency need. The Board approves, modifies or denies all projects. All applicants are notified of the funding decisions.

**Chart 6.1**

## **Application Process & Selection of Qualified Projects**

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A grant agreement is issued for all approved grants specifying the grant award amount, a description of the project approved and an 18 month grant period for completing the project. In addition to the grant agreement, which serves as a contract between the RIA and the grantee, there are guidelines to ensure compliance and accountability for public funds. This includes but is not limited to financial management, audits, procurement, contracts, reports, record-keeping and monitoring. The staff tracks progress and ensures compliance and accountability of all expenditures. In addition, RIA staff is assigned projects (typically by geographic region) to provide technical assistance throughout the grant period.

### **Category 7 – Results**

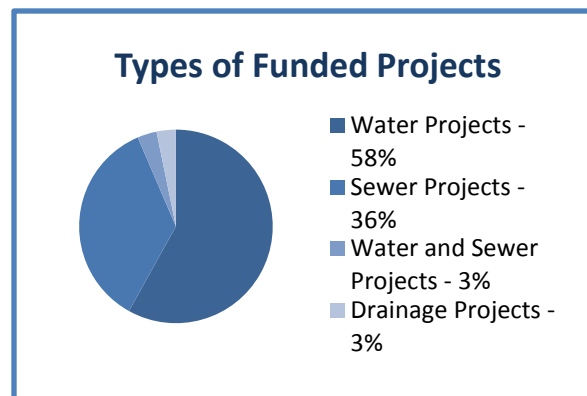
#### **7.1 RURAL INFRASTRUCTURE FUND**

An inaugural meeting of the RIA Board was held August 29, 2012 and the Board met four times during FY2013. The Board completed a number of tasks including: organizing and staffing the agency, conducting strategic planning, implementing a Basic Infrastructure Competitive Grant Program, and developing a Program Strategy for FY2014.

The Board approved 31 grants in 25 counties totaling \$9,635,617 during FY 2013. The projects awarded are creating impact for rural communities in the following ways:

- The grants awarded propose to impact more than 30,000 residents and create 500 jobs.
- About 84% of RIA funding went to distressed or least developed counties.
- The purpose of 29 projects approved (94%) is to address health and environmental quality and two were for economic development purposes.
- More than \$4.5 million was awarded for 16 projects that focused on consent orders from DHEC and another \$800,000 went to five projects that targeted residential wells that were contaminated or had gone dry.
- Nearly 60% of all projects funded were for upgrades or expansions to water systems.
- About 224,000 linear foot of pipe (water or sewer) was upgraded or expanded, helping to make 16 rural communities more sustainable.
- RIA leveraged nearly \$33 million dollars from local and other resources. The average applicant match represented 32 percent of the total project budget.

**Chart 7.1**



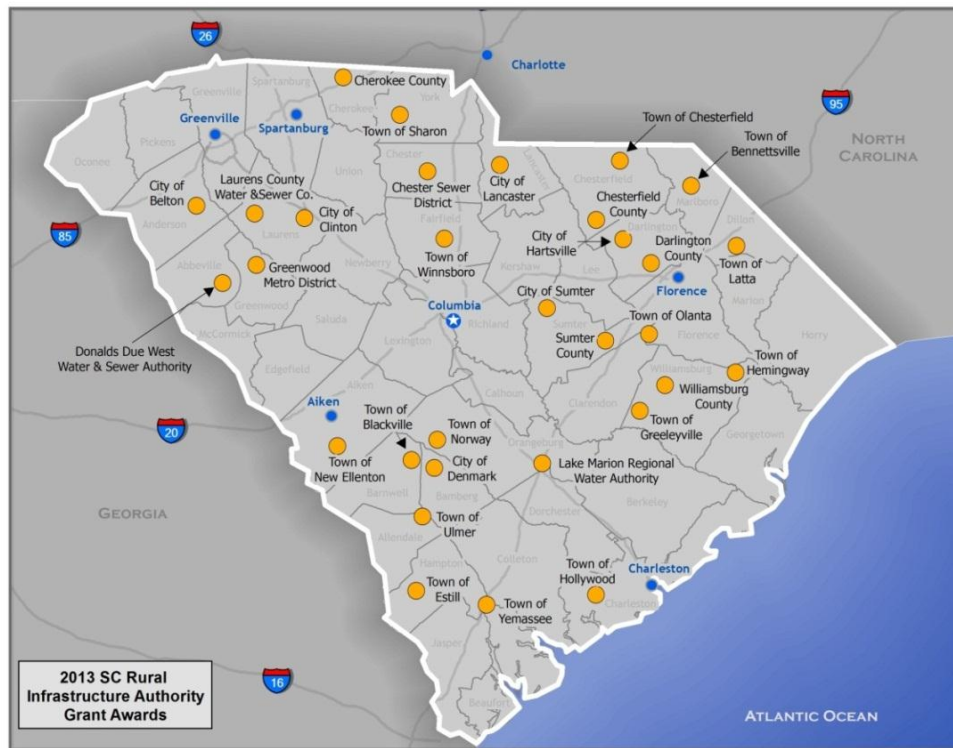
In its first year, the RIA successfully implemented a Basic Infrastructure Grant program by conducting two rounds of competitive funding as well as managing the grant program transferred from the OLG which included a total of 33 grants. Of the grants carried over, 27 are closed or pending close-out and six are still active.

Together, these programs are having a significant impact on rural South Carolinians. A combined \$11.5 million is being spent to assist these communities in implementing water and sewer projects. This effort improves the lives of residents and businesses by upgrading infrastructure, bringing clean water to those in need and building capacity to encourage economic growth.

**Table 7.1 RIA Grants Awarded**

<b>Project Location</b>	<b>County</b>	<b>Type of Project</b>	<b>Grant Amount</b>
Belton, City of	Anderson	Water	\$29,900
Bennettsville, City of	Marlboro	Water	\$200,000
Blackville, Town on	Barnwell	Sewer	\$350,000
Cherokee County	Cherokee	Water	\$124,000
Chester Sewer District	Chester	Sewer	\$350,000
Chesterfield County	Chesterfield	Sewer	\$350,000
Chesterfield, Town of	Chesterfield	Water	\$315,000
Clinton, City of	Laurens	Water	\$150,000
Darlington County	Darlington	Drainage	\$600,000
Denmark, City of	Bamberg	Water	\$350,000
Donalds Due West W&S Authority	Abbeville	Water	\$94,525
Estill, Town of	Hampton	Sewer	\$350,000
Greeleyville, Town of	Williamsburg	Water	\$320,650
Greenwood Metro District	Greenwood	Sewer	\$500,000
Hartsville, City of	Darlington	Water	\$332,000
Hemingway, Town of	Williamsburg	Sewer	\$350,000
Hollywood, Town of	Charleston	Water	\$29,000
Lake Marion Regional Water Authority	Orangeburg	Water	\$1,555,600
Lancaster, City of	Lancaster	Sewer	\$350,000
Latta, Town of	Dillon	Water & Sewer	\$344,828
Laurens County W&S Commission	Laurens	Water	\$347,239
New Ellenton, Town of	Aiken	Sewer	\$350,000
Norway, Town of	Orangeburg	Sewer	\$350,000
Olanta, Town of	Florence	Water	\$50,589
Sharon, Town of	York	Water	\$350,000
Sumter County	Sumter	Water	\$227,194
Sumter, City of	Sumter	Water	\$90,100
Ulmer, Town of	Allendale	Water	\$150,000
Williamsburg County	Williamsburg	Sewer	\$150,000
Winnsboro, Town of	Fairfield	Sewer	\$272,492
Yemassee, Town of	Beaufort	Water	\$252,500
<b>TOTAL – 31 projects</b>			<b>\$9,635,617</b>

**Illustration 7.1 RIA Grant Awards by Location**



## **7.2 ADMINISTRATION**

An executive director was hired in November 2012, followed by staff in January and April 2013.

In order to foster administrative collaboration, RIA contracts with the SC Department of Commerce to provide office space, legal, financial and human resources services. This agreement allows for more efficient use of staff and resources available to the Authority.